

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05  
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-----077631 011642Z /14

P 011500Z AAPR 78  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC PRIORITY 1800

C O N F I D E N T I A L CARACAS 3048

E.O. 11652: GDS  
TAGS: ENRG VE OVIP (CARTER, JIMMY)  
SUBJECT: PRESIDENT'S TRIP: VENEZUELAN COMPLAINT REGARDING  
US OIL IMPORT DUTIES

REF: CARACAS 2798

1. IN THE COURSE OF THE BILATERAL DISCUSSIONS BETWEEN PRESIDENTS CARTER AND PEREZ ON MARCH 28 (29?), PRESIDENT PEREZ RAISED THE ISSUE OF US IMPORT FEES ON CRUDE OIL AND PRODUCTS IN CONNECTION WITH THE US-VENEZUELAN RECIPROCAL TRADE AGREEMENT, AS AMENDED IN 1972. ON THE VENEZUELAN SIDE, THE DISCUSSION WAS LED BY REINALDO FIGUEREDO, DIRECTOR OF THE FOREIGN TRADE INSTITUTE. AT THE CONCLUSION OF THE DISCUSSION, FIGUEREDO PROVIDED AN AIDE MEMOIRE TO THE US PARTICIPATNS. A COPY OF THIS AIDE MEMOIRE, ALONG WITH AN UNOFFICIAL TRANSLATION, IS BEING POUCHED.

2. IN SUMMARY, THE VENEZUELAN ARGUMENT IS THAT THE US HAS APPLIED IMPORT FEES AND OTHER RESTRICTIONS ON IMPORTS OF CRUDE OIL AND PRODUCTS FROM VENEZUELA SINCE 1973 IN VIOLATION OF ITS COMMITMENT UNDER THE AMENDED TRADE AGREEMENT. US PARTICIPANTS IN THE DISCUSSION AGREED TO LOOK INTO THE QUESTION.

3. COMMENT: IN REVIEWING OUR FILES, WE FIND THAT THE APPLICA-  
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BILITY OF US OIL IMPORT FEES TO VENEZUELAN OIL AND PRODUCTS WAS ALSO RAISED WHEN THE IMPORT FEE PROGRAM WAS INTITATED IN EARLY 1975. MR. FIGUEREDO WAS APPARENTLY ONE OF THOSE WHO BELIEVED AT THAT TIME THAT VENEZUEALN OIL SHOULD BE EXEMPT FROM THESE FEES ON THE BASIS OF THE TRADE AGREEMENT. THE DEPARTMENT HELD, HOWEVER, THE SUPPLEMENTAL FEE DID APPLY TO VENEZUELAN OIL AND

THAT THE FEE WAS NOT IN VIOLATION OF THE 1972 AGREEMENT (STATE  
035186 OF FEBRUARY 15,1975). AS THE EMBASSY'S FILES APPEAR  
TO BE INCOMPLETE, AND THERE HAVE BEEN SUBSTANTIAL MODIFICATIONS  
IN US IMPORT REGULATIONS AS THEY APPLY TO OIL AND PRODUCTS, THE  
DEPARTMENT IS REQUESTED TO REVIEW THIS QUESTION AND  
PROVIDE THE EMBASSY WITH APPROXIMATE MATERIAL ON WHICH TO BASE A  
REPLY TO THE GOV AIDE MEMOIRE. WHILE WE ARE NOT YET ABLE TO GUAGE  
WHETHER OR NOT THE GOV WILL SERIOUSLY FOLLOW UP ON THIS COMPLAINT,  
WE PRESUME ITS REVIVAL MAY BE RELATED TO ITS CONCERN OVER THE POSS-  
IBLE IMPOSITION OF ADDITIONAL TARIFFS OR QUOTAS ON US IMPORTS OF OIL  
AND PRODUCTS (REFTEL).  
VAKY

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CHIEF OF STATE VISITS, DIPLOMATIC DISCUSSIONS, IMPORT CONTROLS, PETROLEUM, TARIFFS, TRADE AGREEMENTS  
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**TAGS:** ENRG, ETRD, OVIP, US, VE, (CARTER, JIMMY)  
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